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TO RUEHC/SECSTATE WASHDC 3089
INFO RUEHNE/AMEMBASSY NEW DELHI 9610
RUEHIL/AMEMBASSY ISLAMABAD 1474
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RUEHLM/AMEMBASSY COLOMBO 7757
RUEHGO/AMEMBASSY RANGOON 2512
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UNCLAS DHAKA 000156

SIPDIS

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PLEASE PASS TO USAID WASHINGTON

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SUBJECT: NEW ADVISER FOR AGRICULTURE TALKS ABOUT FERTILIZER CRISIS AND CONTINUED BILATERAL COOPERATION

¶1. (SBU) SUMMARY: Dr. Karim is happy with the U.S.-Bangladesh development partnership. With no idea how long he will be in office, Karim's goals are general systematic improvements to the Ministries, operations, specifically planning, information management, and human resources development. He is concerned by the current fertilizer crisis in the agricultural sector, and said he plans to work actively to resolve the problem. END SUMMARY

¶2. (SBU) On January 24, the Ambassador, AID Country Director, and Econoff (notetaker) met with Dr. C. S. Karim, newly appointed Adviser to the Caretaker Government responsible for Agriculture, Fisheries & Livestock, and Environment & Forest.

Since 1993, Dr. Karim had been with the Bangladesh Atomic Energy Commission, first as Chief Scientific Officer, then in 1997 as Director of the Nuclear Power and Energy Division, and finally as Chairman.

KARIM DECLares "WAR" ON FERTILIZER PROBLEMS

¶3. (SBU) As Bangladesh enters the Boro rice planting season, fertilizer shortages are making daily headlines. (NOTE: Boro is a type of rice which requires large quantities of artificial fertilizer, and because it is planted in the dry season, also requires irrigation. END NOTE.) Dr. Karim cited problems not only with domestic fertilizer production but also with distribution networks and supply management of both domestic and imported fertilizer. He provided two examples to illustrate the problems he sees: first is the difficult choice between local production of fertilizer or electrical generating capacity. In one area, there is enough natural gas to run the power plant or to convert into nitrate fertilizer, but not enough to do both. Therefore, the choice becomes either electricity or fertilizer at a time when power outages are a political hot-button issue and when fertilizer is coming into maximum demand. Second, the silting of rivers now prevents barges loaded to their maximum efficient capacity from being able to move upstream in many areas. They are forced to tranship cargo to smaller barges with less than a six-foot draft, which is less efficient, more costly, and diverts resources from other areas. He does feel that there is an adequate overall supply of fertilizer in the country, but distribution is a serious problem, and some fertilizer is being smuggled to India to take advantage of higher prices there.

U.S. GOVERNMENT FUNDED PROGRAMS

¶4. (SBU) The Ambassador stressed the benefit of USAID programs, specifically the Nishorgo Support Project, the

Arannayk Foundation/Tropical Rainforest Conservation Act of 1998, and the Management of Aquatic Ecosystems through Community Husbandry project. These are real success stories, she noted, and their successes need to be reinforced and replicated. The USAID Country Director reinforced that contrary to media reports, AID funding is actually increasing in Bangladesh. Karim noted that USAID is losing visibility in Bangladesh and that AID's new programs lack the durable images of previous ones.

BILATERAL SCIENCE AND TECHNOLOGY AGREEMENT

¶5. (SBU) Dr. Karim raised the issue of the status of the United States - Bangladesh Bilateral Agreement on Science and Technology, hoping that it can move forward. (NOTE: Post is evaluating the implementing committee members proposed by the Bangladesh Atomic Energy Commission. Unfortunately, their nominees come exclusively from the nuclear science field and are likely to be narrowly focused on nuclear assistance for electricity generation. END NOTE.)

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